



**Date:** July 22, 2014

**To:** Thomas J. Bonfield, City Manager  
**Through:** Wanda Page, Deputy City Manager  
**From:** Kerry L. Goode, CIO/Director of Technology Solutions  
**Subject:** Microsoft Enterprise Software Licensing Agreement

### **Executive Summary**

The City's current Microsoft ® Enterprise Software Licensing Agreement provides software licenses for one thousand four hundred five (1,405) computers on the City's network. Included in this agreement, the City has immediate access rights to the most current versions of software listed under the following Microsoft ® platforms: Office Professional, Windows Professional Desktop and Enterprise Client Access Licenses. The current Microsoft Enterprise Agreement is with Software House International and it expires August 31, 2014.

In order to renew the Microsoft Enterprise Software Licensing Agreement, the City has obtained three quotes from approved vendors on the Enterprise Agreement State Contract #208C. The lowest quote the City received from the State Contract was from Dell Marketing L.P.

The quote under consideration will provide software licenses for one thousand four hundred five (1,405) computers for a one-year period. The proposed quote also includes server software licenses and client access licenses. The pricing in this quote is firm for the duration of one year. The proposed agreement allows the City of Durham to exceed the current number of licenses by reporting additional quantities of computers and servers added to the network at the end of the agreement's anniversary date during the one year period.

### **Recommendation**

The Administration recommends that City Council accept the quote for renewal from Dell and authorize the City Manager to execute the contract in the amount of \$366,866.36 for a one-year period to furnish the City of Durham with a Microsoft Enterprise Licensing Agreement to cover the licensing of desktop and server software.

### **Background**

On September 19, 2011 the City Council authorized the City Manager to enter into a three-year Microsoft ® Enterprise Software Licensing Agreement with Software House International in the amount of \$381,355.51 per year or for a three-year contract total of \$1,144,066.50 to furnish the City of Durham with a Microsoft ® Enterprise Licensing Agreement to cover the licensing of desktops, servers, and training modules. The current agreement expires on August 31, 2014 and the City has an option to renew the Microsoft Enterprise Agreement or own the current licenses without software assurance.

The Enterprise Agreement is a simple licensing solution for customers who have made the technology decision to use Microsoft's platform of software products for desktops and servers. The licensing agreement provides the most recent versions of these products to all City of Durham computer users and servers for a three-year period. The Microsoft platform of products, which is used throughout the City of Durham, is composed of Microsoft Office Professional Edition (which includes: Word, Excel, Outlook, Access, Publisher, InfoPath and PowerPoint), Windows 2007 desktop operating systems, Windows 2000/2003 server operating systems, Client Access Licenses for Microsoft BackOffice, and SharePoint Portal.

The Microsoft Enterprise Agreement entitles the City to all listed Microsoft software upgrade releases under this agreement during the one-year contract period.

An Enterprise Agreement also offers simple administration, business value, and an enterprise-level relationship which affords the City:

- Rights to the most current versions of the Microsoft enterprise platform of products.
- A fixed, predetermined annual price per desktop. Also additional PCs or servers can be added at a predetermined price even if there is an increase in the retail price.
- A comprehensive enterprise solution that includes licenses, services, and support.

In order to select a new Microsoft Large Account Reseller (LAR) company, the City solicited quotes from the North Carolina Master State Enterprise Agreement Contract #01E73421. Each LAR was requested to provide a Microsoft Enterprise Licensing Agreement to include the software assurance for 1,405 desktop computers, additional server software, and training modules. The quote was comprised of the following software products:

1405 Office Professional Plus  
1405 Windows Enterprise  
1405 Enterprise CALs  
1405 Structure Query Language (SQL)

Additional Products:

1 Exchange Server – Enterprise  
1 Exchange Server – Standard  
1 Project Professional  
1 Project Server  
4 SharePoint Sever  
20 SQL Server Enterprise  
4 SysCtr Standard 2 Proc  
1 Visio Pro  
1 Visio Standard  
9 VSUIMSDN  
9 WinSvr DataCtr 2 Proc  
9 WinSvrStd 2 Proc  
2 WinSvrExtConn  
1 MapPoint Win32

The following quotes were received for Microsoft Enterprise Licensing Agreement for a one-year period:

<b><u>COMPANIES</u></b>	<b><u>TOTAL AGREEMENT</u></b>
<b>*Dell</b> Austin, TX	\$366,866.36
<b>CompuCom Systems</b> Dallas, TX	\$372,486.36
<b>Software House International</b> Tempe, AZ	\$379,323.13

**\* Lowest Quote**

**Issues/Analysis**

The proposed agreement includes server products and other software used by the City. By including the server software in the Enterprise Licensing Agreement, the City is entitled to all upgrades released by Microsoft for servers and the City is able to access online and telephone support and problem resolutions tools at no additional cost.

Additional server software included in the agreement is Microsoft SharePoint 2013. This is essential software for developing the City of Durham's new Internet and Intranet sites. Using SharePoint 2010, departments can set up websites to share information with others, manage documents from start to finish, and publish reports to help everyone make better decisions.

SharePoint 2013 is a business collaboration platform that enables the City to connect and empower people through formal and informal business communities, within the enterprise and beyond, and to manage content on the enterprise level. SharePoint 2013 is enhanced by search technologies and makes it possible to rapidly respond to business needs through self-service business insight and faster solutions deployment.

Additional server products include training and support benefits. The total cost of the previous agreement was \$1,144,066.53. The one year cost for the previous contract was \$381,355.51. The new contract total for one year is \$366,866.36. This contract provides the TS budget a savings of \$14,489.15.

The State of North Carolina has a Select Agreement, which provides for governmental entities to purchase software products at a discount. Listed below are the costs to purchase the products for desktop computers included in the proposed agreement from the State's contract:

<b>Software Product</b>	<b>Cost</b>	<b>Quantity</b>	<b>Total</b>
Office Professional Win32 Listed Languages	\$333.48	1405	\$468,539.40
Windows Professional Listed Languages	\$122.86	1405	\$172,618.30

Core Device CALs Listed Languages	\$235.42	1405	\$330,765.10
SharePoint Portal CALs	\$61.85	1405	\$86,899.25
SQL Server CALs	\$137.07	1405	\$192,583.35
Exchange Server 2013 CALs	\$44.30	1405	\$39,649.10
<b>Total</b>			\$649,896.80

To purchase the core software from the State's contract would cost the City more money and the City would not be entitled to upgrade advantages. Additionally, the above costs do not include server software, support benefits, and training that are included in the proposed Enterprise Licensing Agreement.

#### **Alternative**

If Dell cannot fulfill this agreement, the City can contract with the next lowest vendor on the State's contract.

#### **Financial Impact**

The Technology Solutions Department has funds available to cover the Microsoft Enterprise Agreement cost of \$366,866.36 in the FY2015 budget.

#### **SDBE Summary**

The Equal Opportunity/Equity Assurance Department has reviewed the bid submitted by Software House International and has determined that they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

#### **SDBE REQUIREMENTS**

No M/SDBE or W/SDBE goals were set.

The workforce statistics for **Dell Marketing L.P.** are as follows:

Total Workforce	39,828	100%
Total Females	12438	31%
Total Males	27390	69%
Black Males	1756	4%
White Males	19611	49%
Other Males	6023	15%
Black Females	1218	4%
White Females	8485	21%
Other Females	2735	7%

Attachments: Microsoft Enterprise Enrollment State and Local Form  
Microsoft Enterprise and Enterprise Subscription Enrollment Product Select  
Form -- State and Local  
Microsoft Program Signature Form